



Internal Revenue Service

Small Business/Self-Employed

IRS Stakeholder Partners Headliners ...and more

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This e-mail is being sent to you for distribution to your organization's members. If you need further assistance please contact your local Taxpayer Education and Communication (TEC) office. The number is available in IRS Publication 3698A "Small Business/Self-Employed Taxpayer Education and Communication at a Glance", which can be found at [Taxpayer Education and Communication](#).

Federal Tax Deposit Penalty Refund Pilot Program

Under a new pilot program, some business taxpayers may be eligible to receive a one-time refund of a Federal Tax Deposit (FTD) penalty assessed in the third or fourth quarter of 2001. The program will determine the effectiveness of offering a one-time penalty refund as an incentive to migrate paper coupon users to the Electronic Federal Tax Payment System (EFTPS).

Why EFTPS? It's a fast, convenient, safe way for taxpayers to make their FTD payments, and the IRS estimates it could eliminate up to 90% of the deposit errors found among paper coupon submissions.

How does the pilot work? Approximately 600 randomly selected taxpayers with full-paid penalties from third and fourth quarters of 2001 were sent Publication 04048, Special Penalty Refund Offer. To be eligible for the refund, the taxpayer must enroll in EFTPS, and use the system to make all Form 941 tax payments for one full year (four quarters). At the end of the year, the taxpayer will request the penalty refund. Once the IRS verifies that the taxpayer meets the qualifications, the penalty will be refunded. If successful, it is anticipated that the program will be made available to all taxpayers in 2003.

If you have questions about the Penalty Refund Program, you may call 1-513-263-5200 (not toll free) between 8:00 a.m. and 5:30 p.m., ET. Pilot participants may also email questions to nerohiocincytec@irs.gov.

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